

# SENATE BILL No. 98

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-1-3.5; IC 6-3-2-27.

**Synopsis:** Dependent child exemptions. Provides that a fetus is considered a dependent child for purposes of the dependent child state adjusted gross income exemptions.

**Effective:** January 1, 2024 (retroactive).

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January 8, 2024, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session of the 123rd General Assembly (2024)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2023 Regular Session of the General Assembly.

## SENATE BILL No. 98

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.236-2023,  
2 SECTION 63, AND AS AMENDED BY P.L.194-2023, SECTION 7,  
3 AND AS AMENDED BY P.L.201-2023, SECTION 94, AND AS  
4 AMENDED BY P.L.202-2023, SECTION 7, AND AS AMENDED BY  
5 THE TECHNICAL CORRECTIONS BILL OF THE 2024 GENERAL  
6 ASSEMBLY, IS CORRECTED AND AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JANUARY 1, 2024 (RETROACTIVE)]:  
8 Sec. 3.5. When used in this article, the term "adjusted gross income"  
9 shall mean the following:  
10 (a) In the case of all individuals, "adjusted gross income" (as  
11 defined in Section 62 of the Internal Revenue Code), modified as  
12 follows:  
13 (1) Subtract income that is exempt from taxation under this article  
14 by the Constitution and statutes of the United States.  
15 (2) Except as provided in subsection (c), add an amount equal to  
16 any deduction or deductions allowed or allowable pursuant to  
17 Section 62 of the Internal Revenue Code for taxes based on or



measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code (as effective January 1, 2017), **except that a fetus (as defined in IC 16-18-2-128.7) is considered a dependent child for purposes of this exemption if the taxpayer provides the information required under IC 6-3-2-27;**

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract *each of the following*:

(A) One thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004), *except that in the first taxable year in which a particular exemption is allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004), subtract three thousand dollars (\$3,000) for that exemption, and except that a fetus (as defined in IC 16-18-2-128.7) is considered a dependent child for purposes of this exemption if the taxpayer provides the information required under IC 6-3-2-27.*

(B) One thousand five hundred dollars (\$1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code (as effective January 1, 2017) for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A).

(C) Five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the federal adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return,



1 is less than forty thousand dollars (\$40,000). In the case of a  
 2 married individual filing a separate return, the qualifying  
 3 income amount in this clause is equal to twenty thousand  
 4 dollars (\$20,000).

5 (D) Three thousand dollars (\$3,000) for each exemption  
 6 allowed under Section 151(c) of the Internal Revenue Code (as  
 7 effective January 1, 2017) for an individual who is:

8 (i) an adopted child of the taxpayer; and

9 (ii) less than nineteen (19) years of age or is a full-time  
 10 student who is less than twenty-four (24) years of age.

11 This amount is in addition to any amount subtracted under  
 12 clause (A) or (B).

13 This amount is in addition to the amount subtracted under  
 14 subdivision (4).

15 (6) Subtract any amounts included in federal adjusted gross  
 16 income under Section 111 of the Internal Revenue Code as a  
 17 recovery of items previously deducted as an itemized deduction  
 18 from adjusted gross income.

19 (7) Subtract any amounts included in federal adjusted gross  
 20 income under the Internal Revenue Code which amounts were  
 21 received by the individual as supplemental railroad retirement  
 22 annuities under 45 U.S.C. 231 and which are not deductible under  
 23 subdivision (1).

24 (8) Subtract an amount equal to the amount of federal Social  
 25 Security and Railroad Retirement benefits included in a taxpayer's  
 26 federal gross income by Section 86 of the Internal Revenue Code.

27 (9) In the case of a nonresident taxpayer or a resident taxpayer  
 28 residing in Indiana for a period of less than the taxpayer's entire  
 29 taxable year, the total amount of the deductions allowed pursuant  
 30 to subdivisions (3), (4), and (5) shall be reduced to an amount  
 31 which bears the same ratio to the total as the taxpayer's income  
 32 taxable in Indiana bears to the taxpayer's total income.

33 (10) In the case of an individual who is a recipient of assistance  
 34 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
 35 subtract an amount equal to that portion of the individual's  
 36 adjusted gross income with respect to which the individual is not  
 37 allowed under federal law to retain an amount to pay state and  
 38 local income taxes.

39 (11) In the case of an eligible individual, subtract the amount of  
 40 a Holocaust victim's settlement payment included in the  
 41 individual's federal adjusted gross income.

42 (12) Subtract an amount equal to the portion of any premiums



1 paid during the taxable year by the taxpayer for a qualified long  
 2 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
 3 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse  
 4 file a joint income tax return or the taxpayer is otherwise entitled  
 5 to a deduction under this subdivision for the taxpayer's spouse, or  
 6 both.

7 (13) Subtract an amount equal to the lesser of:

8 (A) two thousand five hundred dollars (\$2,500), or one  
 9 thousand two hundred fifty dollars (\$1,250) in the case of a  
 10 married individual filing a separate return; or

11 (B) the amount of property taxes that are paid during the  
 12 taxable year in Indiana by the individual on the individual's  
 13 principal place of residence.

14 (14) Subtract an amount equal to the amount of a September 11  
 15 terrorist attack settlement payment included in the individual's  
 16 federal adjusted gross income.

17 (15) Add or subtract the amount necessary to make the adjusted  
 18 gross income of any taxpayer that owns property for which bonus  
 19 depreciation was allowed in the current taxable year or in an  
 20 earlier taxable year equal to the amount of adjusted gross income  
 21 that would have been computed had an election not been made  
 22 under Section 168(k) of the Internal Revenue Code to apply bonus  
 23 depreciation to the property in the year that it was placed in  
 24 service.

25 (16) Add an amount equal to any deduction allowed under  
 26 Section 172 of the Internal Revenue Code (concerning net  
 27 operating losses).

28 (17) Add or subtract the amount necessary to make the adjusted  
 29 gross income of any taxpayer that placed Section 179 property (as  
 30 defined in Section 179 of the Internal Revenue Code) in service  
 31 in the current taxable year or in an earlier taxable year equal to  
 32 the amount of adjusted gross income that would have been  
 33 computed had an election for federal income tax purposes not  
 34 been made for the year in which the property was placed in  
 35 service to take deductions under Section 179 of the Internal  
 36 Revenue Code in a total amount exceeding the sum of:

37 (A) twenty-five thousand dollars (\$25,000) to the extent  
 38 deductions under Section 179 of the Internal Revenue Code  
 39 were not elected as provided in clause (B); and

40 (B) for taxable years beginning after December 31, 2017, the  
 41 deductions elected under Section 179 of the Internal Revenue  
 42 Code on property acquired in an exchange if:



- (i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;
- (ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and
- (iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(18) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(19) Subtract income that is:

- (A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and
- (B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(20) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(21) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. *For purposes of this subdivision:*

- (A) *if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar*



1 *arrangement, the taxpayer will be considered to have*  
 2 *acquired the obligation on the date the entity acquired the*  
 3 *obligation;*

4 *(B) if ownership of the obligation occurs by means other than*  
 5 *a purchase, the date of acquisition of the obligation shall be*  
 6 *the date ownership of the obligation was transferred, except*  
 7 *to the extent provided in clause (A), and if a portion of the*  
 8 *obligation is acquired on multiple dates, the date of*  
 9 *acquisition shall be considered separately for each portion of*  
 10 *the obligation; and*

11 *(C) if ownership of the obligation occurred as the result of a*  
 12 *refinancing of another obligation, the acquisition date shall be*  
 13 *the date on which the obligation was refinanced.*

14 (22) Subtract an amount as described in Section 1341(a)(2) of the  
 15 Internal Revenue Code to the extent, if any, that the amount was  
 16 previously included in the taxpayer's adjusted gross income for a  
 17 prior taxable year.

18 (23) For taxable years beginning after December 25, 2016, add an  
 19 amount equal to the deduction for deferred foreign income that  
 20 was claimed by the taxpayer for the taxable year under Section  
 21 965(c) of the Internal Revenue Code.

22 (24) Subtract any interest expense paid or accrued in the current  
 23 taxable year but not deducted as a result of the limitation imposed  
 24 under Section 163(j)(1) of the Internal Revenue Code. Add any  
 25 interest expense paid or accrued in a previous taxable year but  
 26 allowed as a deduction under Section 163 of the Internal Revenue  
 27 Code in the current taxable year. For purposes of this subdivision,  
 28 an interest expense is considered paid or accrued only in the first  
 29 taxable year the deduction would have been allowable under  
 30 Section 163 of the Internal Revenue Code if the limitation under  
 31 Section 163(j)(1) of the Internal Revenue Code did not exist.

32 (25) Subtract the amount that would have been excluded from  
 33 gross income but for the enactment of Section 118(b)(2) of the  
 34 Internal Revenue Code for taxable years ending after December  
 35 22, 2017.

36 (26) For taxable years beginning after December 31, 2019, and  
 37 before January 1, 2021, add an amount of the deduction claimed  
 38 under Section 62(a)(22) of the Internal Revenue Code.

39 (27) For taxable years beginning after December 31, 2019, for  
 40 payments made by an employer under an education assistance  
 41 program after March 27, 2020:

42 (A) add the amount of payments by an employer that are



- 1 excluded from the taxpayer's federal gross income under  
 2 Section 127(c)(1)(B) of the Internal Revenue Code; and  
 3 (B) deduct the interest allowable under Section 221 of the  
 4 Internal Revenue Code, if the disallowance under Section  
 5 221(e)(1) of the Internal Revenue Code did not apply to the  
 6 payments described in clause (A). For purposes of applying  
 7 Section 221(b) of the Internal Revenue Code to the amount  
 8 allowable under this clause, the amount under clause (A) shall  
 9 not be added to adjusted gross income.
- 10 (28) Add an amount equal to the remainder of:  
 11 (A) the amount allowable as a deduction under Section 274(n)  
 12 of the Internal Revenue Code; minus  
 13 (B) the amount otherwise allowable as a deduction under  
 14 Section 274(n) of the Internal Revenue Code, if Section  
 15 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 16 for amounts paid or incurred after December 31, 2020.
- 17 (29) For taxable years beginning after December 31, 2017, and  
 18 before January 1, 2021, add an amount equal to the excess  
 19 business loss of the taxpayer as defined in Section 461(l)(3) of the  
 20 Internal Revenue Code. In addition:  
 21 (A) If a taxpayer has an excess business loss under this  
 22 subdivision and also has modifications under subdivisions (15)  
 23 and (17) for property placed in service during the taxable year,  
 24 the taxpayer shall treat a portion of the taxable year  
 25 modifications for that property as occurring in the taxable year  
 26 the property is placed in service and a portion of the  
 27 modifications as occurring in the immediately following  
 28 taxable year.  
 29 (B) The portion of the modifications under subdivisions (15)  
 30 and (17) for property placed in service during the taxable year  
 31 treated as occurring in the taxable year in which the property  
 32 is placed in service equals:  
 33 (i) the modification for the property otherwise determined  
 34 under this section; minus  
 35 (ii) the excess business loss disallowed under this  
 36 subdivision;  
 37 but not less than zero (0).  
 38 (C) The portion of the modifications under subdivisions (15)  
 39 and (17) for property placed in service during the taxable year  
 40 treated as occurring in the taxable year immediately following  
 41 the taxable year in which the property is placed in service  
 42 equals the modification for the property otherwise determined





- 1 under this section minus the amount in clause (B).  
 2 (D) Any reallocation of modifications between taxable years  
 3 under clauses (B) and (C) shall be first allocated to the  
 4 modification under subdivision (15), then to the modification  
 5 under subdivision (17).  
 6 (30) Add an amount equal to the amount excluded from federal  
 7 gross income under Section 108(f)(5) of the Internal Revenue  
 8 Code. For purposes of this subdivision:  
 9 (A) if an amount excluded under Section 108(f)(5) of the  
 10 Internal Revenue Code would be excludible under Section  
 11 108(a)(1)(B) of the Internal Revenue Code, the exclusion  
 12 under Section 108(a)(1)(B) of the Internal Revenue Code shall  
 13 take precedence; and  
 14 (B) if an amount would have been excludible under Section  
 15 108(f)(5) of the Internal Revenue Code as in effect on January  
 16 1, 2020, the amount is not required to be added back under this  
 17 subdivision.  
 18 (31) For taxable years ending after March 12, 2020, subtract an  
 19 amount equal to the deduction disallowed pursuant to:  
 20 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
 21 as modified by Sections 206 and 207 of the Taxpayer Certainty  
 22 and Disaster Relief Tax Act (Division EE of Public Law  
 23 116-260); and  
 24 (B) Section 3134(e) of the Internal Revenue Code.  
 25 (32) Subtract the amount of an *ESA* annual grant amount *and, as*  
 26 *applicable, a CSA annual grant amount* distributed to a taxpayer's  
 27 Indiana education scholarship account under ~~IC 20-51.4-4-2~~  
 28 ~~IC 20-51.4~~ that is used for ~~a~~ *an ESA or CSA* qualified expense (as  
 29 defined in ~~IC 20-51.4-2-9~~ *IC 20-51.4-2*) or to an Indiana  
 30 enrichment scholarship account under IC 20-52 that is used for  
 31 qualified expenses (as defined in IC 20-52-2-6), to the extent the  
 32 distribution used for the qualified expense is included in the  
 33 taxpayer's federal adjusted gross income under the Internal  
 34 Revenue Code.  
 35 (33) For taxable years beginning after December 31, 2019, and  
 36 before January 1, 2021, add an amount equal to the amount of  
 37 unemployment compensation excluded from federal gross income  
 38 under Section 85(c) of the Internal Revenue Code.  
 39 (34) For taxable years beginning after December 31, 2022,  
 40 subtract an amount equal to the deduction disallowed under  
 41 Section 280C(h) of the Internal Revenue Code.  
 42 (35) *For taxable years beginning after December 31, 2021, add*



1        *or subtract amounts related to specified research or experimental*  
 2        *procedures as required under IC 6-3-2-29.*

3        ~~(35)~~ (36) Subtract any other amounts the taxpayer is entitled to  
 4        deduct under IC 6-3-2.

5        ~~(36)~~ (37) Subtract the amount of a CSA annual grant amount  
 6        distributed to a taxpayer's career scholarship account under  
 7        IC 20-51.4-4.5 that is used for a CSA qualified expense (as  
 8        defined in IC 20-51.4-2-3.8), to the extent the distribution used  
 9        for the CSA qualified expense is included in the taxpayer's federal  
 10       adjusted gross income under the Internal Revenue Code.

11       (b) In the case of corporations, the same as "taxable income" (as  
 12       defined in Section 63 of the Internal Revenue Code) adjusted as  
 13       follows:

14       (1) Subtract income that is exempt from taxation under this article  
 15       by the Constitution and statutes of the United States.

16       (2) Add an amount equal to any deduction or deductions allowed  
 17       or allowable pursuant to Section 170 of the Internal Revenue  
 18       Code (concerning charitable contributions).

19       (3) Except as provided in subsection (c), add an amount equal to  
 20       any deduction or deductions allowed or allowable pursuant to  
 21       Section 63 of the Internal Revenue Code for taxes based on or  
 22       measured by income and levied at the state level by any state of  
 23       the United States.

24       (4) Subtract an amount equal to the amount included in the  
 25       corporation's taxable income under Section 78 of the Internal  
 26       Revenue Code (concerning foreign tax credits).

27       (5) Add or subtract the amount necessary to make the adjusted  
 28       gross income of any taxpayer that owns property for which bonus  
 29       depreciation was allowed in the current taxable year or in an  
 30       earlier taxable year equal to the amount of adjusted gross income  
 31       that would have been computed had an election not been made  
 32       under Section 168(k) of the Internal Revenue Code to apply bonus  
 33       depreciation to the property in the year that it was placed in  
 34       service.

35       (6) Add an amount equal to any deduction allowed under Section  
 36       172 of the Internal Revenue Code (concerning net operating  
 37       losses).

38       (7) Add or subtract the amount necessary to make the adjusted  
 39       gross income of any taxpayer that placed Section 179 property (as  
 40       defined in Section 179 of the Internal Revenue Code) in service  
 41       in the current taxable year or in an earlier taxable year equal to  
 42       the amount of adjusted gross income that would have been



1 computed had an election for federal income tax purposes not  
 2 been made for the year in which the property was placed in  
 3 service to take deductions under Section 179 of the Internal  
 4 Revenue Code in a total amount exceeding the sum of:

5 (A) twenty-five thousand dollars (\$25,000) to the extent  
 6 deductions under Section 179 of the Internal Revenue Code  
 7 were not elected as provided in clause (B); and

8 (B) for taxable years beginning after December 31, 2017, the  
 9 deductions elected under Section 179 of the Internal Revenue  
 10 Code on property acquired in an exchange if:

11 (i) the exchange would have been eligible for  
 12 nonrecognition of gain or loss under Section 1031 of the  
 13 Internal Revenue Code in effect on January 1, 2017;

14 (ii) the exchange is not eligible for nonrecognition of gain or  
 15 loss under Section 1031 of the Internal Revenue Code; and

16 (iii) the taxpayer made an election to take deductions under  
 17 Section 179 of the Internal Revenue Code with regard to the  
 18 acquired property in the year that the property was placed  
 19 into service.

20 The amount of deductions allowable for an item of property  
 21 under this clause may not exceed the amount of adjusted gross  
 22 income realized on the property that would have been deferred  
 23 under the Internal Revenue Code in effect on January 1, 2017.

24 (8) Add to the extent required by IC 6-3-2-20:

25 (A) the amount of intangible expenses (as defined in  
 26 IC 6-3-2-20) for the taxable year that reduced the corporation's  
 27 taxable income (as defined in Section 63 of the Internal  
 28 Revenue Code) for federal income tax purposes; and

29 (B) any directly related interest expenses (as defined in  
 30 IC 6-3-2-20) that reduced the corporation's adjusted gross  
 31 income (determined without regard to this subdivision). For  
 32 purposes of this clause, any directly related interest expense  
 33 that constitutes business interest within the meaning of Section  
 34 163(j) of the Internal Revenue Code shall be considered to  
 35 have reduced the taxpayer's federal taxable income only in the  
 36 first taxable year in which the deduction otherwise would have  
 37 been allowable under Section 163 of the Internal Revenue  
 38 Code if the limitation under Section 163(j)(1) of the Internal  
 39 Revenue Code did not exist.

40 (9) Add an amount equal to any deduction for dividends paid (as  
 41 defined in Section 561 of the Internal Revenue Code) to  
 42 shareholders of a captive real estate investment trust (as defined



in section 34.5 of this chapter).

(10) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(11) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. *For purposes of this subdivision:*

*(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;*

*(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and*

*(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.*

(13) For taxable years beginning after December 25, 2016:

(A) for a corporation other than a real estate investment trust, add:



- 1 (i) an amount equal to the amount reported by the taxpayer
- 2 on IRC 965 Transition Tax Statement, line 1; or
- 3 (ii) if the taxpayer deducted an amount under Section 965(c)
- 4 of the Internal Revenue Code in determining the taxpayer's
- 5 taxable income for purposes of the federal income tax, the
- 6 amount deducted under Section 965(c) of the Internal
- 7 Revenue Code; and
- 8 (B) for a real estate investment trust, add an amount equal to
- 9 the deduction for deferred foreign income that was claimed by
- 10 the taxpayer for the taxable year under Section 965(c) of the
- 11 Internal Revenue Code, but only to the extent that the taxpayer
- 12 included income pursuant to Section 965 of the Internal
- 13 Revenue Code in its taxable income for federal income tax
- 14 purposes or is required to add back dividends paid under
- 15 subdivision (9).
- 16 (14) Add an amount equal to the deduction that was claimed by
- 17 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
- 18 Internal Revenue Code (attributable to global intangible
- 19 low-taxed income). The taxpayer shall separately specify the
- 20 amount of the reduction under Section 250(a)(1)(B)(i) of the
- 21 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
- 22 Internal Revenue Code.
- 23 (15) Subtract any interest expense paid or accrued in the current
- 24 taxable year but not deducted as a result of the limitation imposed
- 25 under Section 163(j)(1) of the Internal Revenue Code. Add any
- 26 interest expense paid or accrued in a previous taxable year but
- 27 allowed as a deduction under Section 163 of the Internal Revenue
- 28 Code in the current taxable year. For purposes of this subdivision,
- 29 an interest expense is considered paid or accrued only in the first
- 30 taxable year the deduction would have been allowable under
- 31 Section 163 of the Internal Revenue Code if the limitation under
- 32 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 33 (16) Subtract the amount that would have been excluded from
- 34 gross income but for the enactment of Section 118(b)(2) of the
- 35 Internal Revenue Code for taxable years ending after December
- 36 22, 2017.
- 37 (17) Add an amount equal to the remainder of:
- 38 (A) the amount allowable as a deduction under Section 274(n)
- 39 of the Internal Revenue Code; minus
- 40 (B) the amount otherwise allowable as a deduction under
- 41 Section 274(n) of the Internal Revenue Code, if Section
- 42 274(n)(2)(D) of the Internal Revenue Code was not in effect



- 1 for amounts paid or incurred after December 31, 2020.
- 2 (18) For taxable years ending after March 12, 2020, subtract an
- 3 amount equal to the deduction disallowed pursuant to:
- 4 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
- 5 as modified by Sections 206 and 207 of the Taxpayer Certainty
- 6 and Disaster Relief Tax Act (Division EE of Public Law
- 7 116-260); and
- 8 (B) Section 3134(e) of the Internal Revenue Code.
- 9 (19) For taxable years beginning after December 31, 2022,
- 10 subtract an amount equal to the deduction disallowed under
- 11 Section 280C(h) of the Internal Revenue Code.
- 12 (20) *For taxable years beginning after December 31, 2021,*
- 13 *subtract the amount of any:*
- 14 *(A) federal, state, or local grant received by the taxpayer; and*
- 15 *(B) discharged federal, state, or local indebtedness incurred*
- 16 *by the taxpayer;*
- 17 *for purposes of providing or expanding access to broadband*
- 18 *service in this state.*
- 19 (21) *For taxable years beginning after December 31, 2021, add*
- 20 *or subtract amounts related to specified research or experimental*
- 21 *procedures as required under IC 6-3-2-29.*
- 22 ~~(20)~~ (22) Add or subtract any other amounts the taxpayer is:
- 23 (A) required to add or subtract; or
- 24 (B) entitled to deduct;
- 25 under IC 6-3-2.
- 26 (c) The following apply to taxable years beginning after December
- 27 31, 2018, for purposes of the add back of any deduction allowed on the
- 28 taxpayer's federal income tax return for wagering taxes, as provided in
- 29 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
- 30 the taxpayer is a corporation:
- 31 (1) For taxable years beginning after December 31, 2018, and
- 32 before January 1, 2020, a taxpayer is required to add back under
- 33 this section eighty-seven and five-tenths percent (87.5%) of any
- 34 deduction allowed on the taxpayer's federal income tax return for
- 35 wagering taxes.
- 36 (2) For taxable years beginning after December 31, 2019, and
- 37 before January 1, 2021, a taxpayer is required to add back under
- 38 this section seventy-five percent (75%) of any deduction allowed
- 39 on the taxpayer's federal income tax return for wagering taxes.
- 40 (3) For taxable years beginning after December 31, 2020, and
- 41 before January 1, 2022, a taxpayer is required to add back under
- 42 this section sixty-two and five-tenths percent (62.5%) of any



deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(4) For taxable years beginning after December 31, 2021, and before January 1, 2023, a taxpayer is required to add back under this section fifty percent (50%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(5) For taxable years beginning after December 31, 2022, and before January 1, 2024, a taxpayer is required to add back under this section thirty-seven and five-tenths percent (37.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(6) For taxable years beginning after December 31, 2023, and before January 1, 2025, a taxpayer is required to add back under this section twenty-five percent (25%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(7) For taxable years beginning after December 31, 2024, and before January 1, 2026, a taxpayer is required to add back under this section twelve and five-tenths percent (12.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(8) For taxable years beginning after December 31, 2025, a taxpayer is not required to add back under this section any amount of a deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(d) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus



1 depreciation was allowed in the current taxable year or in an  
 2 earlier taxable year equal to the amount of adjusted gross income  
 3 that would have been computed had an election not been made  
 4 under Section 168(k) of the Internal Revenue Code to apply bonus  
 5 depreciation to the property in the year that it was placed in  
 6 service.

7 (6) Add an amount equal to any deduction allowed under Section  
 8 172 of the Internal Revenue Code (concerning net operating  
 9 losses).

10 (7) Add or subtract the amount necessary to make the adjusted  
 11 gross income of any taxpayer that placed Section 179 property (as  
 12 defined in Section 179 of the Internal Revenue Code) in service  
 13 in the current taxable year or in an earlier taxable year equal to  
 14 the amount of adjusted gross income that would have been  
 15 computed had an election for federal income tax purposes not  
 16 been made for the year in which the property was placed in  
 17 service to take deductions under Section 179 of the Internal  
 18 Revenue Code in a total amount exceeding the sum of:

19 (A) twenty-five thousand dollars (\$25,000) to the extent  
 20 deductions under Section 179 of the Internal Revenue Code  
 21 were not elected as provided in clause (B); and

22 (B) for taxable years beginning after December 31, 2017, the  
 23 deductions elected under Section 179 of the Internal Revenue  
 24 Code on property acquired in an exchange if:

25 (i) the exchange would have been eligible for  
 26 nonrecognition of gain or loss under Section 1031 of the  
 27 Internal Revenue Code in effect on January 1, 2017;

28 (ii) the exchange is not eligible for nonrecognition of gain or  
 29 loss under Section 1031 of the Internal Revenue Code; and

30 (iii) the taxpayer made an election to take deductions under  
 31 Section 179 of the Internal Revenue Code with regard to the  
 32 acquired property in the year that the property was placed  
 33 into service.

34 The amount of deductions allowable for an item of property  
 35 under this clause may not exceed the amount of adjusted gross  
 36 income realized on the property that would have been deferred  
 37 under the Internal Revenue Code in effect on January 1, 2017.

38 (8) Subtract income that is:

39 (A) exempt from taxation under IC 6-3-2-21.7 (certain income  
 40 derived from patents); and

41 (B) included in the insurance company's taxable income under  
 42 the Internal Revenue Code.





(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. *For purposes of this subdivision:*

*(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;*

*(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and*

*(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.*

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's



- 1 taxable income for purposes of the federal income tax, the
- 2 amount deducted under Section 965(c) of the Internal Revenue
- 3 Code.
- 4 (13) Add an amount equal to the deduction that was claimed by
- 5 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
- 6 Internal Revenue Code (attributable to global intangible
- 7 low-taxed income). The taxpayer shall separately specify the
- 8 amount of the reduction under Section 250(a)(1)(B)(i) of the
- 9 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
- 10 Internal Revenue Code.
- 11 (14) Subtract any interest expense paid or accrued in the current
- 12 taxable year but not deducted as a result of the limitation imposed
- 13 under Section 163(j)(1) of the Internal Revenue Code. Add any
- 14 interest expense paid or accrued in a previous taxable year but
- 15 allowed as a deduction under Section 163 of the Internal Revenue
- 16 Code in the current taxable year. For purposes of this subdivision,
- 17 an interest expense is considered paid or accrued only in the first
- 18 taxable year the deduction would have been allowable under
- 19 Section 163 of the Internal Revenue Code if the limitation under
- 20 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 21 (15) Subtract the amount that would have been excluded from
- 22 gross income but for the enactment of Section 118(b)(2) of the
- 23 Internal Revenue Code for taxable years ending after December
- 24 22, 2017.
- 25 (16) Add an amount equal to the remainder of:
- 26 (A) the amount allowable as a deduction under Section 274(n)
- 27 of the Internal Revenue Code; minus
- 28 (B) the amount otherwise allowable as a deduction under
- 29 Section 274(n) of the Internal Revenue Code, if Section
- 30 274(n)(2)(D) of the Internal Revenue Code was not in effect
- 31 for amounts paid or incurred after December 31, 2020.
- 32 (17) For taxable years ending after March 12, 2020, subtract an
- 33 amount equal to the deduction disallowed pursuant to:
- 34 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
- 35 as modified by Sections 206 and 207 of the Taxpayer Certainty
- 36 and Disaster Relief Tax Act (Division EE of Public Law
- 37 116-260); and
- 38 (B) Section 3134(e) of the Internal Revenue Code.
- 39 (18) For taxable years beginning after December 31, 2022,
- 40 subtract an amount equal to the deduction disallowed under
- 41 Section 280C(h) of the Internal Revenue Code.
- 42 (19) For taxable years beginning after December 31, 2021, add



1        *or subtract amounts related to specified research or experimental*  
 2        *procedures as required under IC 6-3-2-29.*

3        ~~(19)~~ (20) Add or subtract any other amounts the taxpayer is:

4            (A) required to add or subtract; or

5            (B) entitled to deduct;

6        under IC 6-3-2.

7        (e) In the case of insurance companies subject to tax under Section  
 8        831 of the Internal Revenue Code and organized under Indiana law, the  
 9        same as "taxable income" (as defined in Section 832 of the Internal  
 10       Revenue Code), adjusted as follows:

11           (1) Subtract income that is exempt from taxation under this article  
 12           by the Constitution and statutes of the United States.

13           (2) Add an amount equal to any deduction allowed or allowable  
 14           under Section 170 of the Internal Revenue Code (concerning  
 15           charitable contributions).

16           (3) Add an amount equal to a deduction allowed or allowable  
 17           under Section 805 or Section 832(c) of the Internal Revenue Code  
 18           for taxes based on or measured by income and levied at the state  
 19           level by any state.

20           (4) Subtract an amount equal to the amount included in the  
 21           company's taxable income under Section 78 of the Internal  
 22           Revenue Code (concerning foreign tax credits).

23           (5) Add or subtract the amount necessary to make the adjusted  
 24           gross income of any taxpayer that owns property for which bonus  
 25           depreciation was allowed in the current taxable year or in an  
 26           earlier taxable year equal to the amount of adjusted gross income  
 27           that would have been computed had an election not been made  
 28           under Section 168(k) of the Internal Revenue Code to apply bonus  
 29           depreciation to the property in the year that it was placed in  
 30           service.

31           (6) Add an amount equal to any deduction allowed under Section  
 32           172 of the Internal Revenue Code (concerning net operating  
 33           losses).

34           (7) Add or subtract the amount necessary to make the adjusted  
 35           gross income of any taxpayer that placed Section 179 property (as  
 36           defined in Section 179 of the Internal Revenue Code) in service  
 37           in the current taxable year or in an earlier taxable year equal to  
 38           the amount of adjusted gross income that would have been  
 39           computed had an election for federal income tax purposes not  
 40           been made for the year in which the property was placed in  
 41           service to take deductions under Section 179 of the Internal  
 42           Revenue Code in a total amount exceeding the sum of:



(A) twenty-five thousand dollars (\$25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under



Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. *For purposes of this subdivision:*

*(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;*

*(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and*

*(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.*

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to global intangible low-taxed income). The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under



Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(15) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(18) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

*(19) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental procedures as required under IC 6-3-2-29.*

~~(19)~~ (20) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(f) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus



depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars (\$25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(6) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.



(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(8) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. *For purposes of this subdivision:*

*(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;*

*(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and*

*(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.*

(9) For taxable years beginning after December 25, 2016, add an amount equal to:

(A) the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1;

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and





(C) with regard to any amounts of income under Section 965 of the Internal Revenue Code distributed by the taxpayer, the deduction under Section 965(c) of the Internal Revenue Code attributable to such distributed amounts and not reported to the beneficiary.

For purposes of this article, the amount required to be added back under clause (B) is not considered to be distributed or distributable to a beneficiary of the estate or trust for purposes of Sections 651 and 661 of the Internal Revenue Code.

(10) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(11) Add an amount equal to the deduction for qualified business income that was claimed by the taxpayer for the taxable year under Section 199A of the Internal Revenue Code.

(12) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(13) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(14) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

(A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (3) and (5) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year



- 1 the property is placed in service and a portion of the  
 2 modifications as occurring in the immediately following  
 3 taxable year.
- 4 (B) The portion of the modifications under subdivisions (3)  
 5 and (5) for property placed in service during the taxable year  
 6 treated as occurring in the taxable year in which the property  
 7 is placed in service equals:
- 8 (i) the modification for the property otherwise determined  
 9 under this section; minus
- 10 (ii) the excess business loss disallowed under this  
 11 subdivision;  
 12 but not less than zero (0).
- 13 (C) The portion of the modifications under subdivisions (3)  
 14 and (5) for property placed in service during the taxable year  
 15 treated as occurring in the taxable year immediately following  
 16 the taxable year in which the property is placed in service  
 17 equals the modification for the property otherwise determined  
 18 under this section minus the amount in clause (B).
- 19 (D) Any reallocation of modifications between taxable years  
 20 under clauses (B) and (C) shall be first allocated to the  
 21 modification under subdivision (3), then to the modification  
 22 under subdivision (5).
- 23 (15) For taxable years ending after March 12, 2020, subtract a  
 24 amount equal to the deduction disallowed pursuant to:
- 25 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
 26 as modified by Sections 206 and 207 of the Taxpayer Certainty  
 27 and Disaster Relief Tax Act (Division EE of Public Law  
 28 116-260); and
- 29 (B) Section 3134(e) of the Internal Revenue Code.
- 30 (16) For taxable years beginning after December 31, 2022,  
 31 subtract an amount equal to the deduction disallowed under  
 32 Section 280C(h) of the Internal Revenue Code.
- 33 (17) Except as provided in subsection (c), for taxable years  
 34 beginning after December 31, 2022, add an amount equal to any  
 35 deduction or deductions allowed or allowable in determining  
 36 taxable income under Section 641(b) of the Internal Revenue  
 37 Code for taxes based on or measured by income and levied at the  
 38 state level by any state of the United States.
- 39 *(18) For taxable years beginning after December 31, 2021, add*  
 40 *or subtract amounts related to specified research or experimental*  
 41 *procedures as required under IC 6-3-2-29.*
- 42 ~~(18)~~ (19) Add or subtract any other amounts the taxpayer is:



- 1 (A) required to add or subtract; or  
 2 (B) entitled to deduct;  
 3 under IC 6-3-2.

4 (g) For purposes of IC 6-3-2.1, IC 6-3-4-12, IC 6-3-4-13, and  
 5 IC 6-3-4-15 for taxable years beginning after December 31, 2022,  
 6 "adjusted gross income" of a pass through entity means the ~~aggregate~~  
 7 ~~of~~ items of ordinary income and loss in the case of a partnership or a  
 8 corporation described in IC 6-3-2-2.8(2), or ~~aggregate distributable net~~  
 9 ~~income of a trust or estate as defined in Section 643 of the Internal~~  
 10 ~~Revenue Code~~, distributions subject to tax for state and federal income  
 11 tax for beneficiaries in the case of a trust or estate, whichever is  
 12 applicable, for the taxable year modified as follows:

13 (1) Add the separately stated items of income and gains, or the  
 14 equivalent items that must be considered separately by a  
 15 beneficiary, as determined for federal purposes, attributed to the  
 16 partners, shareholders, or beneficiaries of the pass through entity,  
 17 determined without regard to whether the owner is permitted to  
 18 exclude all or part of the income or gain or deduct any amount  
 19 against the income or gain.

20 (2) Subtract the separately stated items of deductions or losses or  
 21 items that must be considered separately by beneficiaries, as  
 22 determined for federal purposes, attributed to partners,  
 23 shareholders, or beneficiaries of the pass through entity and that  
 24 are deductible by an individual in determining adjusted gross  
 25 income as defined under Section 62 of the Internal Revenue  
 26 Code:

27 (A) limited as if the partners, shareholders, and beneficiaries  
 28 deducted the maximum allowable loss or deduction allowable  
 29 for the taxable year prior to any amount deductible from the  
 30 pass through entity; but

31 (B) not considering any disallowance of deductions resulting  
 32 from federal basis limitations for the partner, shareholder, or  
 33 beneficiary.

34 (3) Add or subtract any modifications to adjusted gross income  
 35 that would be required both for individuals under subsection (a)  
 36 and corporations under subsection (b) to the extent otherwise  
 37 provided in those subsections, including amounts that are  
 38 allowable for which such modifications are necessary to account  
 39 for separately stated items in subdivision (1) or (2).

40 (h) Subsections ~~(a)(35)~~, ~~(b)(20)~~, ~~(d)(19)~~, ~~(e)(19)~~, or ~~(f)(18)~~ (a)(36),  
 41 ~~(b)(22)~~, ~~(d)(20)~~, ~~(e)(20)~~, or ~~(f)(19)~~ may not be construed to require an  
 42 add back or allow a deduction or exemption more than once for a



particular add back, deduction, or exemption.

(i) For taxable years beginning after December 25, 2016, if:

(1) a taxpayer is a shareholder, either directly or indirectly, in a corporation that is an E&P deficit foreign corporation as defined in Section 965(b)(3)(B) of the Internal Revenue Code, and the earnings and profit deficit, or a portion of the earnings and profit deficit, of the E&P deficit foreign corporation is permitted to reduce the federal adjusted gross income or federal taxable income of the taxpayer, the deficit, or the portion of the deficit, shall also reduce the amount taxable under this section to the extent permitted under the Internal Revenue Code, however, in no case shall this permit a reduction in the amount taxable under Section 965 of the Internal Revenue Code for purposes of this section to be less than zero (0); and

(2) the Internal Revenue Service issues guidance that such an income or deduction is not reported directly on a federal tax return or is to be reported in a manner different than specified in this section, this section shall be construed as if federal adjusted gross income or federal taxable income included the income or deduction.

(j) If a partner is required to include an item of income, a deduction, or another tax attribute in the partner's adjusted gross income tax return pursuant to IC 6-3-4.5, such item shall be considered to be includible in the partner's federal adjusted gross income or federal taxable income, regardless of whether such item is actually required to be reported by the partner for federal income tax purposes. For purposes of this subsection:

(1) items for which a valid election is made under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included in the partner's adjusted gross income or taxable income; and

(2) items for which the partnership did not make an election under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the partnership is required to remit tax pursuant to IC 6-3-4.5-18, shall be included in the partner's adjusted gross income or taxable income.

(k) *The following apply for purposes of this section:*

(1) *For purposes of subsections (b) and (f), if a taxpayer is an organization that has more than one (1) trade or business subject to the provisions of Section 512(a)(6) of the Internal Revenue Code, the following rules apply for taxable years beginning after December 31, 2017:*

(A) *If a trade or business has federal unrelated business*



1 taxable income of zero (0) or greater for a taxable year, the  
 2 unrelated business taxable income and modifications required  
 3 under this section shall be combined in determining the  
 4 adjusted gross income of the taxpayer and shall not be treated  
 5 as being subject to the provisions of Section 512(a)(6) of the  
 6 Internal Revenue Code if one (1) or more trades or businesses  
 7 have negative Indiana adjusted gross income after  
 8 adjustments.

9 (B) If a trade or business has federal unrelated business  
 10 taxable income of less than zero (0) for a taxable year, the  
 11 taxpayer shall apply the modifications under this section for  
 12 the taxable year against the net operating loss in the manner  
 13 required under IC 6-3-2-2.5 and IC 6-3-2-2.6 for separately  
 14 stated net operating losses. However, if the application of  
 15 modifications required under IC 6-3-2-2.5 or IC 6-3-2-2.6  
 16 results in the separately stated net operating loss for the trade  
 17 or business being zero (0), the modifications that increase  
 18 adjusted gross income under this section and remain after the  
 19 calculations to adjust the separately stated net operating loss  
 20 to zero (0) that result from the trade or business must be  
 21 treated as modifications to which clause (A) applies for the  
 22 taxable year.

23 (C) If a trade or business otherwise described in Section  
 24 512(a)(6) of the Internal Revenue Code incurred a net  
 25 operating loss for a taxable year beginning after December  
 26 31, 2017, and before January 1, 2021, and the net operating  
 27 loss was carried back for federal tax purposes:

28 (i) if the loss was carried back to a taxable year for which  
 29 the requirements under Section 512(a)(6) of the Internal  
 30 Revenue Code did not apply, the portion of the loss and  
 31 modifications attributable to the loss shall be treated as  
 32 adjusted gross income of the taxpayer for the first taxable  
 33 year of the taxpayer beginning after December 31, 2022,  
 34 and shall be treated as part of the adjusted gross income  
 35 attributable to clause (A), unless, and to the extent, the loss  
 36 and modifications were applied to adjusted gross income for  
 37 a previous taxable year, as determined under this article;  
 38 and

39 (ii) if the loss was carried back to a taxable year for which  
 40 the requirements under Section 512(a)(6) of the Internal  
 41 Revenue Code applied, the portion of the loss and  
 42 modifications attributable to the loss shall be treated as



adjusted gross income of the taxpayer for the first taxable year of the taxpayer beginning after December 31, 2022, and for purposes of this clause, the inclusion of losses and modifications shall be in the same manner as provided in clause (B), unless, and to the extent, the loss and modifications were applied to adjusted gross income for a previous taxable year, as determined under this article.

(D) Notwithstanding any provision in this subdivision, if a taxpayer computed its adjusted gross income for a taxable year beginning before January 1, 2023, based on a reasonable interpretation of this article, the taxpayer shall be permitted to compute its adjusted gross income for those taxable years based on that interpretation. However, a taxpayer must continue to report any tax attributes for taxable years beginning after December 31, 2022, in a manner consistent with its previous interpretation.

(2) In the case of a corporation, other than a captive real estate investment trust, for which the adjusted gross income under this article is determined after a deduction for dividends paid under the Internal Revenue Code, the modifications required under this section shall be applied in ratio to the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) after deductions for dividends paid under the Internal Revenue Code compared to the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) before the deduction for dividends paid under the Internal Revenue Code.

(3) In the case of a trust or estate, the trust or estate is required to include only the portion of the modifications not passed through to beneficiaries.

(4) In the case of a taxpayer for which modifications are required to be applied against a separately stated net operating loss under IC 6-3-2-2.5 or IC 6-3-2-2.6, the modifications required under this section must be adjusted to reflect the required application of the modifications against a separately stated net operating loss, in order to avoid the application of a particular modification multiple times.

SECTION 2. IC 6-3-2-27 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024 (RETROACTIVE)]: **Sec. 27. For a fetus to be considered a dependent child for purposes of the exemptions in IC 6-3-1-3.5(a)(4)(A) and IC 6-3-1-3.5(a)(5)(A), a taxpayer must submit a report from a radiologic imaging study reflecting the**



1 taxpayer's pregnancy during the taxable year with the taxpayer's  
2 annual state tax return or returns in the manner prescribed by the  
3 department.

4 SECTION 3. [EFFECTIVE JANUARY 1, 2024 (RETROACTIVE)]  
5 (a) IC 6-3-1-3.5, as amended by this act, and IC 6-3-2-27, as added  
6 by this act, apply to taxable years beginning after December 31,  
7 2023.

8 (b) This SECTION expires July 1, 2027.

9 SECTION 4. An emergency is declared for this act.

